

Certification of claims and returns annual report 2014-15

Havant Borough Council

December 2015

Ernst & Young LLP



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The Members of the Governance and Audit Committee
Havant Borough Council
Public Service Plaza
Civic Centre Road
Havant
PO9 2AX

9 December 2015

Dear Members

Certification of claims and returns annual report 2014-15 for Havant Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Havant Borough Council's 2014-15 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions (DWP) and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value, post review, of £32,451,259. We met the submission deadline. Our initial work identified two errors. As a result further testing was undertaken by the Council and reviewed by us. We reported the results of our initial and additional testing in a qualification letter to the DWP. Details of the qualification matters are included in section 1.



Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk)

We welcome the opportunity to discuss the contents of this report with you at the meeting of the Governance and Audit Committee on 2 March 2016.

Yours faithfully

Helen Thompson
Executive Director
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£32,451,508
Limited or full review	Full
Amended	Amended – Subsidy decreased by £249
Qualification letter	Yes
Fee – 2014/15	£17,840
Fee – 2013/14	£12,320
Recommendations from prior year 2013/14:	
None	

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' testing (extended testing) if initial testing identifies errors in the calculation of benefit or compilation of the claim. Our initial testing found two errors which resulted in additional work being undertaken, these are summarised in the table below:

Finding in initial sample

Non Housing Revenue Account (Non HRA) Local Housing Allowance Expenditure: One case was identified where the incorrect LHA rate had been applied resulting in a misclassification of expenditure.

Audit Response

As the cell had less than one hundred cases in we were required to review all cases to establish if this error had occurred again. No further instances were identified and, as our work enabled us to identify all cases where this error could occur, we were able to amend the claim prior to certification.

Rent Allowances: One case was identified where the Council had failed to identify the expenditure as an overpayment of benefit.

Additional 40+ testing was undertaken by the Council and sample checked by auditors. No further errors were identified and we reported the facts of this error in the qualification letter sent to the DWP.

2. 2014-15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Indicative fee	Indicative fee	Actual fee
	£	£	£
Housing and council tax benefits subsidy	12,320	17,840	17,840
Total	12,320	17,840	17,840

The indicative fee was set by the Audit Commission based on the level of work completed in 2012-13. As reported in section one, there has been an increase in the work required as a result of finding one error that required a review of all 78 Non HRA cases.

3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015-16 is £9,240. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015-16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2013-14.

Details of individual indicative fees are available at the following web address:
<http://www.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Executive Head of Governance and Logistics before seeking any such variation.

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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